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 8
                           UNITED STATES BANKRUPTCY COURT
 9
                           NORTHERN DISTRICT OF CALIFORNIA
10
                                     SAN JOSE DIVISION
11
12
                                                  CASE NO. 13-55244 ASW
    In re:
13
                                                  Chapter 11
    3616 ASSOCIATES, LLC,
14
                                                  REPLY BRIEF IN SUPPORT OF
15
                                                  MOTION TO VALUE COLLATERAL
         Debtor in Possession.
                                                  AND AVOID LIEN
16
                                                  Date: May 9, 2014
17
                                                  Time: 3:00 p.m.
18
                                                  Judge: Honorable Arthur S. Weissbrodt
19
                                                  Place: 280 S First Street, Courtroom 3020
20
                                                         San Jose, CA 95113
21
22
23
                 Debtor concedes that United States v. Redevelopment Agency is based on old
           Α.
                 law.
24
25
           Creditor's Opposition points to the fact that Debtor's reliance on United States v.
26
    Redevelopment Agency, 926 F.Supp. 928 (N.D. Cal. 1995), is misplaced. Debtor recognizes that
27
    California Civil Code § 2938 has since been revised. Debtor no longer seeks avoidance of
28
    Creditor's lien based on the facts and analysis of this case.
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Filed: 04/25/14

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B. The natural consequences of Creditor retaining her lien is that Debtor has no ability to create a reorganization plan in this case.

As stated in Debtor's initial Brief, under section 552(b)(1) an entity with a valid security interest in proceeds in property is entitled to have that interest enforced, "except to any extent that the court, after notice and a hearing and based on the equities of the case, orders otherwise." 11 U.S.C. § 552(b)(1). Under this standard, a Bankruptcy Court is required to "strike the proper balance between the rights of the secured creditor and the rehabilitative goals of the Code." *In re Helicopter Corp.*, 63 B.R. 515, 522 (Bankr. E.D.N.Y. 1986).

The goal of this case is to provide Debtor an opportunity to come out of this Chapter 11 bankruptcy with a viable plan of reorganization. Should Creditor maintain her position that she is entitled to rents in this case, a reorganization is simply not possible. Debtor needs the rents, and those rents so far have been minimal based on the climate in Lake Tahoe, to satisfy the requirements of a reorganization. Those costs include payment on the first mortgage, property taxes, regular property expenses, repairs, and insurance. If Creditor, as an otherwise wholly unsecured creditor can retain all the rents of the subject property, no reorganization is possible.

Dated: April 25, 2014 HENSHAW LAW OFFICE

/s/ David S. Henshaw
David S. Henshaw Attorney for
Debtor in Possession 3616
ASSOCIATES, LLC

Reply Brief in Support of Motion to Value Collateral and Avoid Lien

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